THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a), (b) and (d) The information in regard to the achievements of each Ministry/ Department of the Government of India on account of the issue of economy instructions is not maintained Centrally. It is, however, Government's constant endeavour to contain non-plan, non-developmental expenditure. It is in this context that, along with other measures, instructions to avoid wasteful expenditure are issued from time to time to all the Ministries/Departments. These measures include ban on creation of posts, reduction in number of sanctioned posts, restrictions on filling up of vacant posts, reduction in office expenses, restrictions on purchase of vehicles, restrictions on foreign travel and on entertainment/hospitality expenses etc.

(c) Review of budgetary allocations is an on-going exercise and supplementary demands for grants are sought from Parliament in this regard. A mid-term review of expenditure is also conducted.

Liberalisation of housing loans

3727. SHRI RUMANDLA RAMACHANDRAIAH: Will the Minister of FINANCE be pleased to state:

(a) whether the housing sector has got a boost after many financial institutions have liberalised housing loans in the country;

(b) if so, whether all the banks and other financial institutions have decided to provide loans upto Rs. 1 crore with negligible processing charges;

(c) if so, to what extent the rates have been reduced;

(d) whether this reduction of rates has given a boost to the housing development in the country; and

(e) if so, to what extent the liberalisation norms has helped the poor and the business people for the developing construction and other housing facilities?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) and (b) Yes, Sir. Reserve Bank of India issued instructions to all commercial banks perscribing the annual allocation limit for housing finance. Accordingly, each bank is required to compute its share of the housing finance allocation at 3 per cent of its incremental deposits. There is no objection to banks exceeding this level having regard to their resources position. According to the information furnished by National Housing Bank (NHB) the processing fees charged by banks are negligible, not exceeding 1 per cent of the loan amount and it is a one time payment. However, in most of the cases it is in the range of 0.1 per cent to 0.5 per cent and in certain cases it is waived completely as an incentive especially during festive seasons. Similarly, most of the housing finance companies have also reduced the processing fee from an average range of 1.50 per cent 2.00 per cent to 0.5 per cent 1.00 per cent. A few HFCs have even waived the processing fees completely.

(c) to (c) The lending rates of banks from time to time are governed by the directives on interest rate issued by RBI. As per extant guidelines the interest on loans upto Rs. 2 lakh should not exceed Prime Lending Rate (PLR) of the bank and beyond Rs. 2 lakhs, banks are free to charge rates over PLR but within the maximum spread fixed by bank. There has been reduction in PLRs of banks following reduction in Bank Rate and Cash Reserve Ratio by RBI. The reduction in the processing fees and rates of interest coupled with options of floating rates and increase in the tenure of the loan has enabled the common people to access the formal financial sector for assistance at a much more affordable rates. This

positive impact is evident from the growth rates registered in the housing loans disbursed by banks and HFCs during last three years as indicated below:

Housing Finance by Public Sector Banks

(Rs. in crore)

	Particulars	
Year	Allocation	Sanction
1999-2000	2393.39	7364.53
2000-2001	2603.36	7370.29
2001-2002*	3629.05	5331.11

*Till December, 2001.

Housing Finance by NHB approved HFCs

(Rs. in crore)

Year	Particulars
	Disbursed
1999-2000	9812.03
2000-20001	12626.45
2001-2002*	8269.59

*Till December, 2001.

Long term fiscal and taxation policy

3728. SHRI NANA DESHMUKH: Will the Minister of FINANCE be pleased to state:

(a) whether Government have been advised by RBI Governor to come up with a long-term fiscal and taxation policy against the prevailing system of frequent changes;